

HAWAII'S SECTION 1115 DEMONSTRATION FACT SHEET

Name of the Demonstration:	Hawaii QUEST
Section 1115 Application Submitted:	April 19, 1993
Application Approved:	July 16, 1993
Demonstration Program Implemented:	August 1, 1994

BACKGROUND

Prior to implementation of QUEST (**Q**uality care, ensuring **U**niversal access, encouraging **E**fficient utilization, **S**tabilizing costs, and **T**ransforming the way health care is provided to public clients), Hawaii provided coverage to the mandatory eligible groups under the State Plan in addition to pregnant women and children up to 185 percent of the Federal Poverty Level (FPL) and aged and disabled individuals with incomes up to 100 percent FPL. Hawaii also provided coverage for approximately 8,000 individuals under a state funded general assistance program.

For low-income residents who were categorically ineligible for the Medicaid and the state's general assistance program, Hawaii provided a limited benefits package through enrollment in contracted health plans to about 20,000 individuals through a state funded health insurance program (SHIP).

The implementation of the QUEST section 1115 program created a public purchasing pool that arranged for health care through managed care. The project's objective was to take advantage of the existing market competition among insurers offering coverage through employers. Hawaii is unique among the states because it is the only state with an exemption of the Employee Retirement Income Act (ERISA) of 1974. That exemption, approved by Congress in 1983, grants the State the authority to require employers to provide a mandatory benefits package to their employees who work 20 hours or more per week for four consecutive weeks. Individuals who are either enrolled or eligible for enrollment in an employer-sponsored health plan (as required under Hawaii's Prepaid Health Care Act) are ineligible for QUEST.

When Hawaii implemented the QUEST program, Medicaid eligibility level was extended to 300 percent of the Federal Poverty Level (FPL) with no asset test. Eligible groups included: 1) the AFDC-related Medicaid eligible group; 2) the General Assistance population; and 3) the SHIP population.

In November of 1995, a class action suit was filed against the State, alleging that the State was in violation of the Americans with Disabilities Act because blind and disabled individuals were excluded from participating in the QUEST program, even if they meet other QUEST eligibility criteria. Although this population continued to participate in the traditional Medicaid program, they were subject to Hawaii's traditional SSI criteria, which was more stringent than QUEST.

In response to the lawsuit, and higher than anticipated QUEST enrollment levels accompanied by state fiscal constraints, Hawaii implemented changes to the QUEST program which

incrementally reduced eligibility to current levels. To continue coverage for those who lost eligibility, a safety net program entitled “QUEST-Net” was created for individuals who are no longer eligible for QUEST managed care *or* Medicaid fee-for-service. The QUEST-Net program requires monthly premiums on all of those who are enrolled. Adults in QUEST-Net receive a reduced benefit package while children receive the full Medicaid benefit package.

ELIGIBILITY

Those who are currently eligible under the section 1115 QUEST demonstration are:

- Pregnant women and infants under the age of one with incomes up to 185 percent Federal Poverty Level (FPL);
- Children from the age of one to under 6 years of age with incomes up to 133 percent FPL;
- Children from the age of 6 up to age 19 with incomes up to 100 percent FPL;
- Children with incomes above 200 percent but less than 300 percent FPL who were previously enrolled in either QUEST or Medicaid fee-for-service;
- non-categorical individuals with incomes at or below 100 percent of FPL who meet the Medicaid asset limits;
- individuals who are TANF cash recipients and are otherwise not eligible for Medicaid, and
- adults with incomes below 300 percent of the FPL who lose Medicaid eligibility

BENEFIT PACKAGE

QUEST Benefits

QUEST provides a standard benefit package consistent with the medical and behavioral services currently offered under Hawaii’s traditional Medicaid program. The program emphasizes preventive care for adults and children and requires that plans provide Early and Periodic Screening, Diagnostic and Treatment (EPSDT) services for all children up to age 21. Dental services for QUEST members are offered under the Medicaid fee-for-service system. However, some dental providers still maintain capitation arrangements with the State.

The QUEST benefit package also includes behavioral health services. The State has contracted with a behavioral health managed care plan to provide behavioral health services to adults determined to have serious and persistent mental illnesses. Persons who do not qualify for the behavioral health managed care plan receive their services from their medical plans. Children determined to be high service users will receive outpatient behavioral health services through the Child and Adolescent Mental Health Division within the Department of Health. However, the majority of outpatient behavioral health services are provided through the Department of Education.

QUEST-Net benefits

QUEST-Net offers a reduced level of benefits for individuals ***age 21 or older*** who were enrolled in either Medicaid fee-for-service or QUEST managed care and lost Medicaid/QUEST eligibility but still have incomes below 300 percent FPL. Children in QUEST-Net have comprehensive coverage.

QUEST-net does not offer home health, hospice, and long-term care. Dental care is limited to

emergency care only. Prescription drugs are limited to a strict formulary determined by the state and the managed care organization. Inpatient hospital services are limited to 10 days per benefit year. These days may be used for medical, behavioral health, or a combination of both. Outpatient surgical care is limited to 3 episodes per benefit year. Physician visits are limited to 12 visits per benefit year.

ENROLLMENT/DISENROLLMENT

All QUEST and QUEST-Net applicants are provided with brochures and educational sessions on the available health plans, and are asked to select a health plan when they submit the application.

If a QUEST applicant does not make a selection within 10 days, they are automatically assigned to a plan within a reasonable geographical radius of their home. If more than one plan is available and meets the needs of the recipient, the assignment process provides preferential treatment to the plan with the lowest capitation rate. A QUEST-Net applicant, who does not choose a plan, is not eligible to participate in the program.

QUEST clients may change health plans only during the annual open enrollment period, although they may disenroll for cause at any time.

DELIVERY SYSTEM

The three capitated managed care plans, which provide physical health services to QUEST and QUEST-Net members are HMSA, AlohaCare, and Kaiser. AlohaCare was formed specifically for the QUEST program by Hawaii's seven community health centers. Dental services for QUEST members are provided through the Medicaid fee-for-service system. However, some providers have capitation arrangements with the state. QUEST also contracts with a managed care plan and the Departments of Health and Education to provide behavioral health services.

Most QUEST and QUEST-Net participants have a choice of at least two plans. The choice of two plans is available on the islands of Oahu, Hawaii, Maui, and Kauai. However, the more rural islands of Molokai and Lanai have only one participating plan.

QUALITY ASSURANCE

Each health plan has developed an internal quality assurance program. In addition, the State has adopted the National Committee for Quality Assurance Health Plan Employer Data and Information Set (HEDIS) measures for assessing the adequacy of quality of care provided by each health plan. The State has established performance targets in each of the areas (preventive care, pre-natal care, acute and chronic disease, and behavioral health).

The State of Hawaii awarded its third EQRO contract on July 1, 2001. Previous EQRO contracts have required EPSDT studies, encounter data validations, and provider and member satisfaction surveys. The new EQRO will use a more survey-oriented approach for quality monitoring.

COST-SHARING

Deductibles & Co-payments

There are no deductibles or co-payments under the section 1115 demonstration for either

QUEST or QUEST-Net. However, the premiums in QUEST and QUEST-Net are based on gross income adults. For children under the age of 19, the amount of \$90.00 is deducted from the gross earned income earned by each working adult in the family. The maximum number of individuals in one family that can be assessed a premium to purchase coverage under QUEST or QUEST-Net is five.

QUEST Premiums

Self-employed adult enrollees and their spouse who are below 100 percent of FPL can pay a premium to be eligible for the full Medicaid benefit package under QUEST. The actual dollar amount is contingent upon the plan they are enrolled in and the area in which the enrollee resides. However, that amount is usually between \$81- \$112 per month per person. There are no other eligible groups in QUEST who are subject to premiums.

QUEST-Net premiums

Self-employed adults and their spouses with a family income less than or equal to 100 percent FPL who are not TANF cash recipients can pay a subsidized QUEST-Net premium of approximately \$32.00 per month per person or \$64.00 per couple for the reduced benefit package available to all QUEST-Net adults.

Adults with income exceeding 100 percent FPL can pay the full QUEST-Net premium of approximately \$63.00 per month per person for the reduced benefit package available to all QUEST-Net adults.

Children under the age of 19 who are in families with income exceeding 200 percent FPL but less than 300 percent FPL can pay a subsidized QUEST-Net premium of \$63.00 per month per child to receive the full Medicaid benefit package available to all QUEST-Net children.

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